Columbia Gas of Kentucky
A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

September 30, 2005

RECEIVED

SEP 3 0 2005

PUBLIC SERVICE COMMISSION

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Re: Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Case No. 2005 -00403

Dear Ms. O'Donnell:

Pursuant to the Commission's Order dated January 30, 2001 in Administrative Case No. 384, Columbia Gas of Kentucky, Inc. ("Columbia") hereby encloses, for filing with the Commission, an original and six (6) copies of data submitted pursuant to the requirements of the Gas Cost Adjustment Provision contained in Columbia's tariff for an interim Gas Cost Adjustment ("GCA"). Columbia proposes to increase its current rates to tariff sales customers by $2.9038 per Mcf effective with its November billing cycle on October 27, 2005.

This Expected Gas Cost increase is composed of an increase of $2.8718 per Mcf in the Average Commodity Cost of Gas, and an increase of $0.0320per Mcf in the Average Demand Cost of Gas. The other components of Columbia's GCA are not adjusted in this interim filing.

Due to the continued increases in the natural gas spot market and in an effort to mitigate significant future actual gas cost adjustments, Columbia respectfully requests a waiver of the 30-day filing requirement so that the interim adjustment may become effective with Columbia's November billing cycle on October 27, 2005.

Please feel free to contact me at 859-288-0242 if there are any questions.

Sincerely,

Judy Cooper

Judy M. Cooper
Director, Regulatory Policy

Enclosures

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2005- 00403

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE NOVEMBER 2005 BILLINGS

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

Line No.		September-05 CURRENT	INTERIM October -05 PROPOSED	DIFFERENCE
1	Commodity Cost of Gas	$8.9457	$11.8175	$2.8718
2	Demand Cost of Gas	$1.1731	$1.2051	$0.0320
3	Total: Expected Gas Cost (EGC)	$10.1188	$13.0226	$2.9038
4	SAS Refund Adjustment	($0.0001)	($0.0001)	$0.0000
5	Balancing Adjustment	$0.0051	$0.0051	$0.0000
6	Supplier Refund Adjustment	($0.0174)	($0.0174)	$0.0000
7	Actual Cost Adjustment	($0.7033)	($0.7033)	$0.0000
8	Take-or-Pay Refund (TOP) Adjustment	$0.0000	$0.0000	$0.0000
9	Cost of Gas to Tariff Customers (GCA)	$9.4031	$12.3069	$2.9038
10	Transportation TOP Refund Adjustment	$0.0000	$0.0000	$0.0000
11	Banking and Balancing Service	$0.0205	$0.0205	$0.0000
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	$6.6555	$6.6555	$0.0000

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
November 2005

Line No.	Description		Amount	Expires
1	Expected Gas Cost (EGC)	Schedule No. 1	$13.0226	
2	Actual Cost Adjustment (ACA)	Schedule No. 2	($0.7033)	8-31-06
3	SAS Refund Adjustment (RA)	Schedule No. 5	($0.0001)	8-31-06
4	Supplier Refund Adjustment (RA)	Schedule No. 4 Case No. 2005-00179	($0.0121)	05-31-06
		Schedule No. 4 Case No. 2005-00051	(0.0049)	02-28-06
		Schedule No. 4 Case No. 2004-00428	(0.0004)	11-30-05
		Total Refunds	($0.0174)	
5	Balancing Adjustment (BA)	Schedule No. 3	$0.0051	2-28-06
6	Take - or - Pay Refund Adjustment		$0.0000	
7	Gas Cost Adjustment			
8	November 2005		$12.3069	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	$6.6555	

DATE FILED: September 30, 2005 **BY: J. M. Cooper**

Columbia Gas of Kentucky, Inc.

Expected Gas Cost for Sales Customers

November 2005

Schedule No. 1

Sheet 1

Line No.	Description		Reference	Volume A/ Mcf (1)	Dth. (2)	Rate Per Mcf (3)	Per Dth (4)	Cost (5)
	Storage Supply							
	Includes storage activity for sales customers only							
	Commodity Charge							
1	Withdrawal				900,000		$0.0153	$13,770
2	Injection				1,370,000		$0.0153	$20,961
3	Net Withdrawals: gas cost includes pipeline fuel and commodity charges				0		NA	$0
	Total							
4	Volume	= 3			0			
5	Cost	sum(1:3)						$34,731
6	Summary	4 or 5			0			$34,731
	Flowing Supply							
	Excludes volumes injected into or withdrawn from storage.							
	Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian		Sch.1, Sht. 5, Ln. 4		2,004,000			$21,035,884
8	Appalachian Supplies		Sch.1, Sht. 6, Ln. 4		81,000			$917,000
9	Less Fuel Retention By Interstate Pipelines		Sch. 1,Sheet 7, Lines 21, 22		(107,000)			($1,082,271)
10	Total	7 + 8 + 9			1,978,000			$20,870,613
	Total Supply							
11	At City-Gate		Line 6 + 10		1,978,000			$20,905,344
	Lost and Unaccounted For							
12	Factor				-0.9%			
13	Volume		Line 11 * 12		(17,802)			
14	At Customer Meter		Line 11 + 13		1,960,198			
15	**Sales Volume**		Line 14	1,858,008	1,960,198			
	Unit Costs $/MCF							
	Commodity Cost							
16	Excluding Cost of Pipeline Retention		Line 11 / Line 15			$11.2515		
17	Annualized Unit Cost of Retention		Sch. 1,Sheet 7, Line 24			$0.5660		
18	Including Cost of Pipeline Retention		Line 16 + 17			$11.8175		
19	Demand Cost		Sch.1, Sht. 2, Line 9			$1.2051		
20	Total Expected Gas Cost (EGC)		Line 18 + 19			$13.0226		

A/ BTU Factor = 1.0550 Dth/MCF

Columbia Gas of Kentucky, Inc.
GCA Unit Demand Cost
November 2005

Schedule No. 1
Sheet 2

Line No.	Description		Reference		
1	Expected Demand Cost: Annual September 2005 - August 2006		Sch. No.1, Sheet 3, Ln. 41	$20,002,721	
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery		Sch. No.1, Sheet 4, Ln. 10	-$517,614	
3	Less Storage Service Recovery from Delivery Service Customers			-$190,295	
4	Net Demand Cost Applicable	1 + 2 + 3		$19,294,812	
	Projected Annual Demand: Sales + Choice October 2005 - September 2006				
	At city-gate				
	In Dth			17,045,000	Dth
	Heat content			1.0550	Dth/MCF
5	In MCF			16,156,398	MCF
	Lost and Unaccounted - For				
6	Factor			0.9%	
7	Volume	5 * 6		145,408	MCF
8	At Customer Meter	5 - 7		16,010,991	MCF
9	Unit Demand Cost (7 / 10)	To Sheet 1, line 19		$1.2051	per MCF

Columbia Gas of Kentucky, Inc. Schedule No. 1
Annual Demand Cost of Interstate Pipeline Capacity Sheet 3
September 2005 - August 2006

Line No.	Description		Dth	Monthly Rate $/Dth	# Months	Expected Annual Demand Cost
	Columbia Gas Transmission Corporation					
	Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)		220,880	$1.5010	12	$3,978,491
2	FSS Seasonal Contract Quantity (SCQ)		11,264,911	$0.0288	12	$3,893,153
	Storage Service Transportation (SST)					
3	Summer	Sep05, Apr06 - Aug06	110,440	$4.1850	6	$2,773,148
4	Winter	Oct05 - Mar06	220,880	$4.1850	6	$5,546,297
5	Firm Transportation Service (FTS)		20,014	$5.9760	12	$1,435,244
6	Subtotal	sum(1:5)				$17,626,333
	Columbia Gulf Transmission Company					
11	FTS - 1 (Mainline)		28,991	$3.1450	12	$1,094,120
	Tennessee Gas					
21	Firm Transportation		20,506	$4.6238	12	$1,137,788
	Central Kentucky Transmission					
31	Firm Transportation expected in-service date November 1, 2005 pending FERC approval	Nov05 - Aug06	28,000	$0.5160	10	$144,480
41	**Total.** Used on Sheet 2, line 1					$20,002,721

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Expected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers
Sept- Nov 2005

Schedule No. 1
Sheet 4

Line No.	Description		Capacity: Daily Dth (1)	Capacity: # Months (2)	Capacity: Annualized Dth (3) = (1) x (2)	Capacity: Units	Annual Cost (3)
1	Expected Demand Costs (Per Sheet 3)						$20,002,721
	City-Gate Capacity:						
	Columbia Gas Transmission						
2	Firm Storage Service - FSS		220,880	12	2,650,560		
3	Firm Transportation Service - FTS		20,014	12	240,168		
4	Central Kentucky Transportation	Nov05 - Aug06	28,000	10	280,000		
5	Total	2 + 3 + 4			3,170,728	Dth	
6	Divided by Average BTU Factor				1.0550	Dth/MCF	
7	Total Capacity - Annualized	Line 5/ Line 6			3,005,429	Mcf	
8	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity Applicable to Rate Schedules IS/SS and GSO Line 1 / Line 7				$6.6555	/Mcf	
9	Firm Volumes of IS/SS and GSO Customers		6,481	12	77,772	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers	Line 8 * Line 9			to Sheet 2, line 2		$517,614

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
Sept- Nov 2005

Schedule No. 1
Sheet 5

Cost includes transportation commodity cost and retention by the interstate pipelines, but excludes pipeline demand costs.
The volumes and costs shown are for sales customers only.

		Total Flowing Supply Including Gas Injected Into Storage				Net Flowing Supply for Current Consumption	
Line No.	Month	Volume A/ Dth (1)	Cost (2)	Unit Cost $/Dth (3) = (2) / (1)	Net Storage Injection Dth (4)	Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Sep-05	1,385,000	$15,324,000	$11.06	(1,097,000)	288,000	$3,186,507
2	Oct-05	807,000	$9,046,000	$11.21	(227,000)	580,000	$6,501,462
3	Nov-05	282,000	$2,817,000	$9.99	854,000	1,136,000	$11,347,915
4	Total 1+2+3	2,474,000	$27,187,000	$10.99	(470,000)	2,004,000	$21,035,884

A/ Gross, before retention.

Columbia Gas of Kentucky, Inc.
Appalachian Supply: Volume and Cost
Sept- Nov 2005

Schedule No. 1
Sheet 6

Line No.	Month		Dth (2)	Cost (3)
1	Sep-05		19,000	$210,000
2	Oct-05		24,000	$263,000
3	Nov-05		38,000	$444,000
4	Total	1 + 2 + 3	81,000	$917,000

Columbia Gas of Kentucky, Inc.
Annualized Unit Charge for Gas Retained by Upstream Pipelines
Sept- Nov 2005

Schedule No. 1
Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

			Units	Sept- Nov 2005	Dec 2005 - Feb 2006	Mar - May 06	June - Aug 06	Annual September 2005 - August 2006
	Gas purchased by CKY for the remaining sales customers							
1	Volume		Dth	2,555,000	1,834,000	3,230,000	4,118,000	11,737,000
2	Commodity Cost Including Transportation			$28,104,000	$20,968,000	$30,606,000	$39,038,000	$118,716,000
3	Unit cost		$/Dth					$10.1147
	Consumption by the remaining sales customers							
11	At city gate		Dth	1,978,000	5,865,000	2,500,000	691,000	11,034,000
12	Lost and unaccounted for portion			0.90%	0.90%	0.90%	0.90%	
	At customer meters							
13	In Dth	(100% - 12) * 11	Dth	1,960,198	5,812,215	2,477,500	684,781	10,934,694
14	Heat content		Dth/MCF	1.0550	1.0550	1.0550	1.0550	
15	In MCF	13 / 14	MCF	1,858,008	5,509,209	2,348,341	649,082	10,364,639
16	Portion of annual	line 15, quarterly / annual		17.9%	53.2%	22.7%	6.3%	100.0%
	Gas retained by upstream pipelines							
21	Volume		Dth	107,000	207,000	132,000	134,000	580,000
	Cost			To Sheet 1, line 9				
22	Quarterly. Deduct from Sheet 1	3 * 21		$1,082,271	$2,093,739	$1,335,138	$1,355,367	$5,866,514
23	Allocated to quarters by consumption			$1,051,655	$3,118,281	$1,329,190	$367,388	$5,866,514
				To Sheet 1, line 17				
24	Annualized unit charge	23 / 15	$/MCF	$0.5660	$0.5660	$0.5660	$0.5660	$0.5660

DETAIL SUPPORTING

DEMAND/COMMODITY SPLIT

COLUMBIA GAS OF KENTUCKY
CASE NO. 2005 -

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	$1.2051	
Demand ACA (Schedule No. 2, Sheet 1, Line 23)	0.1526	
Refund Adjustment (Schedule No. 4)	-0.0174	
SAS Refund Adjustment (Schedule No. 5)	-0.0001	
Total Demand Rate per Mcf	$1.3402	<--- to Att. E, line 21
Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	$11.8175	
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$0.8559	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	$0.0051	
Total Commodity Rate per Mcf	$10.9667	
CHECK:	$1.3402	
	$10.9667	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	$12.3069	
Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment		
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$0.8559	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	$0.0051	
Total Commodity Rate per Mcf	-$0.8508	

Columbia Gas of Kentucky, Inc.
CKY Choice Program
100% Load Factor Rate of Assigned FTS Capacity
Balancing Charge
Sept- Nov 2005

Line No.	Description		Contract Volume Dth Sheet 3 (1)	Retention (2)	Monthly demand charges \$/Dth Sheet 3 (3)	# months A/ (4)	Assignment proportions lines 4, 5 (5)	Adjustment for retention on downstream pipe, if any (6) = 1 / (100%-col2)	Annual costs \$/Dth (7) = 3 * 4 * 5 * 6	Annual costs \$/MCF
	City gate capacity assigned to Choice marketers									
	Contract									
1	CKT FTS/SST		28,000	1.000%						
2	TCO FTS		20,014	2.007%						
3	Total		48,014							
	Assignment Proportions									
4	CKT FTS/SST	1 / 3	58.32%							
5	TCO FTS	2 / 3	41.68%							
	Annual demand cost of capacity assigned to choice marketers									
11	CKT FTS				\$0.5160	10	0.5832	1.0000	\$3.0091	
12	TCO SST @ CKT FTS rate				\$0.5160	2	0.5832	1.0000	\$0.6018	
13	TCO FTS				\$5.9760	12	0.4168	1.0000	\$29.8922	
14	Gulf FTS-1, upstream to CKT FTS				\$3.1450	12	0.5832	1.0101	\$22.2309	
15	TGP FTS-A, upstream to TCO FTS				\$4.6238	12	0.4168	1.0205	\$23.6021	
16	Total Demand Cost of Assigned FTS, per unit								\$79.3362	\$83.6997
17	100% Load Factor Rate (16 / 365 days)									\$0.2293
	Balancing charge, paid by Choice marketers									
21	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5									\$1.3402
22	Less credit for cost of assigned capacity									(\$0.2293)
23	Plus storage commodity costs incurred by CKY for the Choice marketer									\$0.1090
24	Balancing Charge, per Mcf sum(21:23)									\$1.2199

A/ TCO SST and CKT, together total 12 months.

PROPOSED TARIFF SHEETS

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GSR					
First 1 Mcf or less per Mo.	6.95	1.3402	10.9667	19.2569	I
Over 1 Mcf per Mo.	1.8715	1.3402	10.9667	14.1784	I
RATE SCHEDULE GSO					
Commercial or Industrial					
First 1 Mcf or less per Mo.	18.88	1.3402	10.9667	31.1869	I
Next 49 Mcf per Mo.	1.8715	1.3402	10.9667	14.1784	I
Next 350 Mcf per Mo.	1.8153	1.3402	10.9667	14.1222	I
Next 600 Mcf per Mo.	1.7296	1.3402	10.9667	14.0365	I
Over 1000 Mcf per Mo.	1.5802	1.3402	10.9667	13.8871	I
Delivery Service					
Administrative Charge	55.90			55.90	
Standby Service Demand Charge					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		6.6555		6.6555	
Delivery Rate Per Mcf					
First 400 Mcf per Mo.	1.8153			1.8153	
Next 600 Mcf per Mo.	1.7296			1.7296	
All Over 1000 Mcf per Mo.	1.5802			1.5802	
Former IN8 Rate Per Mcf	1.0575			1.0575	
Banking and Balancing Service		0.0205		0.0205	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

R – Reduction
I - Increase

DATE OF ISSUE: September 30, 2005

DATE EFFECTIVE: November 2005 Billing Cycle
October 27, 2005

ISSUED BY: Joseph W. Kelly, President

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GPR[3/]					
First 1 Mcf or less per Mo.	6.95	N/A	N/A	N/A	
Over 1 Mcf per Mo.	1.8715	N/A	N/A	N/A	
RATE SCHEDULE GPO[3/]					
Commercial or Industrial					
First 1 Mcf or less per Mo.	18.88	N/A	N/A	N/A	
Next 49 Mcf per Mo.	1.8715	N/A	N/A	N/A	
Next 350 Mcf per Mo.	1.8153	N/A	N/A	N/A	
Next 600 Mcf per Mo.	1.7296	N/A	N/A	N/A	
Over 1000 Mcf per Mo.	1.5802	N/A	N/A	N/A	
RATE SCHEDULE IS					
Customer Charge per Mo.	116.55			116.55	
First 30,000 Mcf	0.5467		10.9667 [2/]	11.5134	I
Over 30,000 Mcf	0.2905		10.9667 [2/]	11.2572	I
Standby Service Demand Charge					
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.6555		6.6555	
Delivery Service1					
Administrative Charge	55.90			55.90	
First 30,000 Mcf	0.5467				
Over 30,000 Mcf	0.2905			0.2905	
Banking and Balancing Service	0.0205			0.0205	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

3/ Currently, there are no customers on this rate schedule.

R – Reduction I - Increase

DATE OF ISSUE: September 30, 2005

DATE EFFECTIVE: November 2005 Billing Cycle October 27, 2005

ISSUED BY: Joseph W. Kelly

President

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE IUS					
For All Volumes Delivered Per Mcf	0.3038	1.3402	10.9667	12.6107	I
Delivery Service					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.3038	1.3402		1.6440	I
Banking and Balancing Service		0.0205		0.0205	
MAINLINE DELIVERY SERVICE					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.0858			0.0858	
Banking and Balancing Service		0.0205		0.0205	

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

R – Reduction   I- Increase

DATE OF ISSUE: September 30, 2005   **DATE EFFECTIVE:** November 2005 Billing Cycle
October 27, 2005

ISSUED BY: Joseph W. Kelly   President

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS	Delivery Charge per Mcf
General Service Residential	
First 1 Mcf or less per month	$ 6.95 (Minimum Bill)
Over 1 Mcf per month	1.8715
General Service Other	
First 1 Mcf or less per month	$18.88 (Minimum Bill)
Next 49 Mcf per month	1.8715
Next 350 Mcf per month	1.8153
Next 600 Mcf per month	1.7296
Over 1000 Mcf per month	1.5802
Intrastate Utility Service	
For all volumes per month	$ 0.038
Actual Gas Cost Adjustment	
For all volumes per month	$ (0.8508)
Rate Schedule SVAS	
Balancing Charge – per Mcf	$ 1.2199 I

R - Reduction I - Increase

DATE OF ISSUE: September 30, 2005

DATE EFFECTIVE: November 2005 Billing Cycle
October 27, 2005

ISSUED BY: Joseph W. Kelly

President